

**Maryland Industrial Development Financing Authority (MIDFA)
Small Business Credit Recovery Program
Handout for Lenders**

Banks generally accept that credit guarantees can stimulate loans to credit worthy borrowers with collateral shortfall issues however they will not mitigate poor credit quality. Additionally, banks are interested in guaranty programs that are "user friendly" thus providing timely response with minimal bureaucratic oversight.

Addressing these issues, DBED has enhanced the Maryland Industrial Development Financing Authority (MIDFA) program to increase support to small business lending in a much streamlined process while preserving the portfolio credit quality. The program mirrors the simplicity of the SBA Express but allows greater bank flexibility. MIDFA has committed \$10,000,000 in funding for two new Rapid Response guaranty capabilities that could leverage up to \$64,000,000 in new private sector lending directed to small business.

Maximum Guaranty	\$50,000 / not to exceed 50% of loan
Underwriting / Collateral	Bank's standard credit underwriting and collateral requirements
Uses	Fixed Assets or Working Capital
Approval	Bank approval submitted to MIDFA

Maximum Guaranty	\$250,000 / not to exceed 25% of loan
Underwriting / Collateral	Bank's standard credit underwriting and collateral requirements
Uses	Fixed Assets or Working Capital
Approval	Underwriting submitted to MIDFA for approval

Transactions must be located in a Priority Funding Area, be personally guaranteed by the Business principals, and may not be used for refinances. As a recovery initiative, transactions must settle by December 31, 2010 and MIDFA will waive the customary ½ of 1% guaranty fee.

Historically, MIDFA has been associated with transactions in the \$5 to \$15 million range because of its guaranty capabilities of up to \$2.5 million for Conventional loans and \$7.5 million for Bonds. To date, MIDFA has participated in 823 loans and bonds leveraging \$2.1 billion in private sector lending. At June 30, 2009, the Fund balance, net of reserves was \$31.3 million resulting in a .96:1 leverage.

To qualify a project, contact Greg Cole, Executive Director at 410-767-6376 or E-mail: gcole@choosemaryland.org